

# Senate Study Bill 3024

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
APPROPRIATIONS BILL BY  
CHAIRPERSON DVORSKY)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the distribution to counties of certain  
2 utility replacement tax revenues credited to the property tax  
3 relief fund and providing an effective date.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 5681XC 82  
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1 1 Section 1. Section 426B.2, subsection 1, unnumbered  
1 2 paragraph 2, Code 2007, is amended to read as follows:  
1 3 ~~1A. Moneys provided distributed to a county for property~~  
1 4 ~~tax relief in a fiscal year, excluding replacement taxes in~~  
1 5 ~~the property tax relief fund, in accordance with this~~  
1 6 ~~subsection shall not be less than the amount provided~~  
1 7 ~~for property tax relief in the previous fiscal year.~~  
1 8 Sec. 2. Section 426B.2, subsection 3, Code 2007, is  
1 9 amended to read as follows:  
1 10 3. The director of human services shall draw warrants on  
1 11 the property tax relief fund, payable to the county treasurer  
1 12 in the amount due to a county in accordance with subsection 1  
1 13 and mail the warrants to the county auditors in July and  
1 14 January of each year. ~~Any replacement generation tax in the~~  
1 15 ~~property tax relief fund as of November 1 shall be paid to the~~  
1 16 ~~county treasurers in July and January of the fiscal year~~  
1 17 ~~beginning the following July 1.~~  
1 18 Sec. 3. Section 426B.5, subsection 2, paragraphs b and h,  
1 19 Code Supplement 2007, are amended to read as follows:  
1 20 b. A risk pool is created in the property tax relief fund.  
1 21 The pool shall consist of the moneys credited to the pool by  
1 22 law, including but not limited to utility replacement tax  
1 23 revenues credited to the pool pursuant to section 437A.8 or  
1 24 437A.15.  
1 25 h. The total amount of risk pool assistance available for  
1 26 distribution for a fiscal year shall be limited to the amount  
1 27 available in the risk pool for a of the unencumbered and  
1 28 unobligated balance of the risk pool as of February 1 of that  
1 29 fiscal year. Any unencumbered and unobligated balance in the  
1 30 risk pool at the close of a fiscal year shall remain in the  
1 31 risk pool for distribution in the succeeding fiscal year.  
1 32 Sec. 4. Section 437A.8, subsection 4, paragraph d, Code  
1 33 2007, is amended to read as follows:  
1 34 d. Notwithstanding paragraph "a", a taxpayer who owns or  
1 35 leases a new electric power generating plant and who has no  
2 1 other operating property in the state of Iowa except for  
2 2 operating property directly serving the new electric power  
2 3 generating plant as described in section 437A.16 shall pay the  
2 4 replacement generation tax associated with the allocation of  
2 5 the local amount to the county treasurer of the county in  
2 6 which the local amount is located and shall remit the  
2 7 remaining replacement generation tax, if any, to the director  
2 8 according to paragraph "a" for remittance of the tax to county  
2 9 treasurers. The director shall notify each taxpayer on or  
2 10 before August 31 following a tax year of its remaining  
2 11 replacement generation tax to be remitted to the director.  
2 12 All remaining replacement generation tax revenues received by  
2 13 the director shall be deposited in credited to the risk pool  
2 14 of the property tax relief fund created in section 426B.1  
2 15 426B.5, and shall be distributed as provided in section 426B.2  
2 16 by law.  
2 17 Sec. 5. Section 437A.15, subsection 3, paragraph f, Code

2 18 Supplement 2007, is amended to read as follows:

2 19 f. Notwithstanding the provisions of this section, if a  
2 20 taxpayer is a municipal utility or a municipal owner of an  
2 21 electric power facility financed under the provisions of  
2 22 chapter 28F or 476A, the assessed value, other than the local  
2 23 amount, of a new electric power generating plant shall be  
2 24 allocated to each taxing district in which the municipal  
2 25 utility or municipal owner is serving customers and has  
2 26 electric meters in operation in the ratio that the number of  
2 27 operating electric meters of the municipal utility or  
2 28 municipal owner located in the taxing district bears to the  
2 29 total number of operating electric meters of the municipal  
2 30 utility or municipal owner in the state as of January 1 of the  
2 31 tax year. If the municipal utility or municipal owner of an  
2 32 electric power facility financed under the provisions of  
2 33 chapter 28F or 476A has a new electric power generating plant  
2 34 but the municipal utility or municipal owner has no operating  
2 35 electric meters in this state, the municipal utility or  
3 1 municipal owner shall pay the replacement generation tax  
3 2 associated with the new electric power generating plant  
3 3 allocation of the local amount to the county treasurer of the  
3 4 county in which the local amount is located and shall remit  
3 5 the remaining replacement generation tax, if any, to the  
3 6 director at the times contained in section 437A.8, subsection  
3 7 4, for remittance of the tax to the county treasurers. All  
3 8 remaining replacement generation tax revenues received by the  
3 9 director shall be ~~deposited in~~ credited to the risk pool of  
3 10 ~~the property tax relief fund created in section 426B.1~~ 426B.5,  
3 11 ~~and shall be distributed as provided in section 426B.2 by law.~~

3 12 Sec. 6. EFFECTIVE DATE.

3 13 1. This Act, being deemed of immediate importance, takes  
3 14 effect upon enactment.

3 15 2. Any replacement generation tax revenues deposited in  
3 16 the property tax relief fund during the fiscal year beginning  
3 17 July 1, 2007, and prior to the effective date of this Act  
3 18 shall be credited to the risk pool of the property tax relief  
3 19 fund created in section 426B.5 for distribution as provided by  
3 20 law.

3 21 3. For purposes of distributing risk pool assistance for  
3 22 the fiscal year beginning July 1, 2007, notwithstanding  
3 23 section 426B.5, subsection 2, paragraph "d", the application  
3 24 deadline for assistance shall be February 25, 2008, and the  
3 25 risk pool board shall make its final decisions regarding  
3 26 acceptance or rejection of applications on or before March 25,  
3 27 2008.

#### 3 28 EXPLANATION

3 29 This bill relates to the distribution to counties of  
3 30 certain utility replacement tax revenues credited to the  
3 31 property tax relief fund.

3 32 Under current law in Code chapter 437A, electrical power  
3 33 generating plants are centrally assessed by the state for  
3 34 property tax purposes and these property tax revenues are  
3 35 distributed to counties using a formula that reflects the  
4 1 consumers of the electricity in the taxing district. However,  
4 2 under Code sections 437A.8 and 437A.15, when the owner of a  
4 3 new electrical generating plant property either does not have  
4 4 other operating property in the state except for property  
4 5 directly serving the plant and there is excess revenue or does  
4 6 not have operating electrical meters in the state, the  
4 7 property tax revenues from the plant are deposited in the  
4 8 property tax relief fund created in Code section 426B.1 and  
4 9 distributed as provided in Code section 426B.2.

4 10 Under current law, moneys distributed from the property tax  
4 11 relief fund in accordance with Code section 426B.2 are  
4 12 allocated to counties using a three-factor formula reflecting  
4 13 a county's proportion of the state's general population, the  
4 14 state's total assessed property tax valuations in the previous  
4 15 fiscal year, and all counties' base year expenditures for  
4 16 mental health, mental retardation, and developmental  
4 17 disabilities services (MH/MR/DD) services for selected years  
4 18 in fiscal year 1993=1994 or 1995=1996. The property tax  
4 19 relief fund revenues distributed to counties are required to  
4 20 be credited to county MH/MR/DD services funds to be used for  
4 21 such services and county levies for MH/MR/DD services are  
4 22 reduced \$1=for=\$1 for the revenue credited.

4 23 The bill provides that the utility replacement tax revenues  
4 24 deposited in the property tax relief fund are to be credited  
4 25 to the risk pool in the fund and distributed in accordance  
4 26 with law. Under current law in Code section 426B.5, moneys in  
4 27 the risk pool are distributed to counties using basic  
4 28 eligibility criteria formulas that reflect the counties'

4 29 compliance with reporting requirements, maximum use of  
4 30 MH/MR/DD levy authority, and relatively low ending balances  
4 31 for MH/MR/DD services funds. A county that meets the basic  
4 32 eligibility criteria applies to the risk pool board for risk  
4 33 pool assistance based on the need to continue support for  
4 34 mandated MH/MR/DD services, avoid the need to reduce or  
4 35 eliminate critical services or emergency services which  
5 1 reduction or elimination would place consumers' or the public  
5 2 health or safety at risk, or avoid the need to reduce or  
5 3 eliminate services or other support provided to entire  
5 4 disability populations or provided to maintain consumers in a  
5 5 community setting. Moneys distributed from the risk pool are  
5 6 required to be credited to the county MH/MR/DD services funds  
5 7 and used for such services but there is not a levy reduction  
5 8 required.

5 9 The bill also amends the risk pool provisions to provide  
5 10 that the amount available for distribution from the risk pool  
5 11 for a fiscal year is limited to the unencumbered and  
5 12 unobligated balance of the risk pool as of February 1 of that  
5 13 fiscal year.

5 14 The bill takes effect upon enactment and provides that  
5 15 replacement generation tax revenues deposited in the property  
5 16 tax relief fund during fiscal year 2007=2008 prior to the  
5 17 bill's effective date are to be credited to the risk pool for  
5 18 distribution in accordance with law. For purposes of  
5 19 distributing risk pool assistance for fiscal year 2007=2008,  
5 20 the effective date provision extends the application deadline  
5 21 for assistance by 30 calendar days to February 25, 2008, and  
5 22 extends the risk pool board deadline for its final decisions  
5 23 regarding acceptance or rejection of applications by 30  
5 24 calendar days to March 25, 2008.

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